

**CONSOLIDATED GRAVITY DRAINAGE
DISTRICT NO. 1
JEFFERSON DAVIS PARISH**

Financial Report

Year Ended December 31, 2012

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 16 2013

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
Jefferson Davis Parish

Financial Report
Year Ended December 31, 2012
With Supplemental Information Schedules

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Commissioners
Consolidated Gravity Drainage District No. 1
Jefferson Davis Parish, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund of the Consolidated Gravity Drainage District No. 1 (Drainage District), a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended December 31, 2012, which collectively comprise the Drainage District's basic financial statements, as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Drainage District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As described in Note 9 to the financial statements, the Drainage District adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in 2012.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated September 30, 2013 on the results of our agreed-upon procedures.

The Consolidated Gravity Drainage District No. 1 has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

**Consolidated Gravity Drainage District No. 1
Jefferson Davis Parish, Louisiana**

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The budgetary comparison information on pages 20 and 21 are presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Edward L. Kielow

Certified Public Accountant

**Jennings, Louisiana
September 30, 2013**

Basic Financial Statements

**CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
JEFFERSON DAVIS PARISH POLICE JURY
JENNINGS, LOUISIANA**

STATEMENT A

**STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012**

ASSETS

Current assets:

Cash & cash equivalents	\$ 604,010
Ad valorem taxes receivable	126,808
Due from other governmental agencies	<u>2,595</u>
Total current assets	<u>\$ 733,413</u>

NET POSITION

Unrestricted	<u>\$ 733,413</u>
Total net position	<u>\$ 733,413</u>

See accompanying notes and independent accountants' review report.

**CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
JEFFERSON DAVIS PARISH POLICE JURY
JENNINGS, LOUISIANA**

STATEMENT B

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

Expenses:

Public Works	\$ 76,031
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General Revenues:

Ad valorem taxes	\$ 231,404
State revenue sharing	3,892
Interest collected on prior year taxes	3,122
Investment earnings	138

Total general revenues	\$ 238,556
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Change in net position	\$ 162,525
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Net position, beginning	570,888
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Net position, ending	\$ 733,413
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See accompanying notes and independent accountants' review report.

**CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
JEFFERSON DAVIS PARISH POLICE JURY
JENNINGS, LOUISIANA**

STATEMENT C

**BALANCE SHEET - GOVERNMENTAL FUND
GENERAL FUND
DECEMBER 31, 2012**

ASSETS		
Cash & cash equivalents	\$	604,010
Ad valorem taxes receivable		<u>124,510</u>
Total assets	\$	<u><u>728,520</u></u>
LIABILITIES AND FUND BALANCE		
Fund Balance:		
Unassigned	\$	<u>728,520</u>
Total liabilities and fund balance	\$	<u><u>728,520</u></u>

See accompanying notes and independent accountants' review report.

STATEMENT D**CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1****Reconciliation of The Governmental Funds Balance Sheet
to The Government-Wide Financial Statement of Net Position**

December 31, 2012

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 728,520
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds Receivables collected beyond 60 days of year-end	<u>4,893</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 733,413</u>

See accompanying notes and independent accountants' review report

**CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
JEFFERSON DAVIS PARISH POLICE JURY
JENNINGS, LOUISIANA**

STATEMENT E

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
DECEMBER 31, 2012**

REVENUES:

Ad valorem taxes	\$	229,106
State revenue sharing		1,297
Interest collected on prior year taxes		3,122
Investment earnings		<u>138</u>

Total Revenues	\$	<u>233,663</u>
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EXPENDITURES

Current

Public works-drainage	\$	<u>76,031</u>
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Total Expenditures	\$	<u>76,031</u>
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Net change in fund balance	\$	157,632
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Fund balance, beginning		<u>570,888</u>
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Fund balance, ending	\$	<u><u>728,520</u></u>
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See accompanying notes and independent accountants' review report.

STATEMENT F**CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1****Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities****For the Year Ended December 31, 2012**

Amounts reported for governmental activities in the Statement of Activities are different because

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 157,632
Revenue in the statement of activities that do not provide current resources are not reported as revenues in the funds	
Increase (decrease) in revenue not reflected in governmental funds	<u>4,893</u>
Change in Net Position of Governmental Activities, Statement B	<u>\$ 162,525</u>

See accompanying notes and independent accountants' review report.

Notes to the Financial Statements

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
Jefferson Davis Parish, Louisiana

Notes to the Financial Statements
As of and for the Year ended December 31, 2012

1. INTRODUCTION

The Jefferson Davis Parish Police Jury created Consolidated Gravity Drainage District No 1 of the Parish of Jefferson Davis (Drainage District), a consolidated gravity district which includes the boundaries of the Rose Marsh Drainage District and Gravity Drainage District No 4. The District was created and established pursuant to the provisions of Part II, Chapter 7, Title 38 of the Louisiana Revised Statutes of 1950, as amended. The District has full power and authority to open all natural drains in the district, cut and open new drains, construct drainage works, and do any other work of drainage they may deem necessary.

The District is governed by five commissioners. These five commissioners referred to as the board of commissioners, are appointed by the Jefferson Davis Parish Police Jury and serve four-year terms. The District is a component unit of the Jefferson Davis Parish Police Jury, the governing body of the Parish and the governmental body with oversight responsibility.

The accompanying component unit financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. REPORTING ENTITY

Government Accounting Standards Board (GASB) Statement No 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on the organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The police jury appoints a voting majority of the board and has the ability to impose its will on the organization; therefore the Drainage District was determined to be a component unit of the Jefferson Davis Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the Drainage District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
Jefferson Davis Parish, Louisiana

Notes to the Financial Statements
As of and for the Year ended December 31, 2012

B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net assets and the statement of activities, that report financial information about the Drainage District as a whole. They include information on all of the non-fiduciary activities of the Drainage District. Individual funds are not displayed but the statements report governmental activities, which normally are supported by taxes and intergovernmental revenues. The Drainage District has no business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Drainage District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Taxes and other revenues not properly included among program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Drainage District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of a governmental entity are classified into two categories: governmental and proprietary (enterprise). The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Drainage District maintains only one fund. It is classified as a governmental fund. A fund is considered major if it is the primary operating fund or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expense of that individual governmental or enterprises fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
Jefferson Davis Parish, Louisiana

Notes to the Financial Statements
As of and for the Year ended December 31, 2012

The major fund of the Drainage District is described below:

Governmental Fund -

General Fund - This fund is the primary operating fund of the Drainage District and it accounts for the operations of the Drainage District. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Drainage District Policy.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Drainage District operations.
- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
Jefferson Davis Parish, Louisiana

Notes to the Financial Statements
As of and for the Year ended December 31, 2012

be available if they are collected within 60 days after the fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Revenues

Ad valorem taxes and interest associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to taxpayers. Other major revenues that are considered susceptible to accrual include other intergovernmental revenues, and interest on investments.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on long-term obligations, which are recognized when due.

Budgetary Practices

The Drainage District has adopted a budget for its general fund. The budgetary practices include notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the board. Budgeted amounts in the accompanying financial statements include all amendments, if any. All budgeted amounts, which are not expended or obligated through contracts, lapse at year end. The Drainage District's budget is materially consistent with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Drainage District may deposit funds in demand deposits, interest-bearing demand deposit, money market accounts, or time deposits with state banks organized under Louisiana Law or any other state of the United States, or under the laws of the United States.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes and other intergovernmental revenues.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decrease in net position in expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
Jefferson Davis Parish, Louisiana

Notes to the Financial Statements
As of and for the Year ended December 31, 2012

D. EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets - Consists of net position with constraints placed on the use either by (1)external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund statements, governmental fund equity is classified as fund balance. Fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used for specific purposes determined by a formal action of the Drainage District board members. The Board of Commissioners is the highest level of decision-making authority for the Drainage District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by board members.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Drainage District's policy, only board members may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

As of December 31, 2012, fund balances are composed of the following:

	<u>General</u>	<u>Total Governmental Balance</u>
Unassigned	\$ 728,520	\$ 728,520

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Drainage District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Drainage District considers amounts to have

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO 1
Jefferson Davis Parish, Louisiana

Notes to the Financial Statements
As of and for the Year ended December 31, 2012

been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Drainage District board members have provided otherwise in its commitment or assignment actions.

E. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

F. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Drainage District, which are either unusual in nature or infrequent in occurrence. During the year ended December 31, 2012, the Drainage District had no extraordinary or special items.

2. AD VALOREM TAXES

Ad valorem taxes are levied on November 15 and payable by December 31. The taxes are based on assessed values determined by the Tax Assessor of Jefferson Davis Parish and are collected by the Sheriff. The taxes are remitted to the Drainage District net of deductions for pension fund contributions.

For the year ended December 31, 2012, taxes of 7.75 mills were levied on property with assessed valuations totaling \$17,977,711 and were dedicated as follows:

Maintaining and improving canals	7.75 mills
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Total taxes levied and receivable at December 31, 2012 were \$124,233 all of which is due from the Jefferson Davis Parish Sheriff's Office (See Note 4).

3. DEPOSITS AND INVESTMENTS

Deposits

As of December 31, 2012 the year end balances of deposits are as follows:

<u>Deposit Type</u>	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash-demand deposits	\$ 294,302	\$ 293,002
Money market accounts	<u>311,008</u>	<u>311,008</u>
	<u>\$ 605,310</u>	<u>\$ 604,010</u>

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
Jefferson Davis Parish, Louisiana

Notes to the Financial Statements
As of and for the Year ended December 31, 2012

Under state laws, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank.

Custodial Credit Risk-Custodial credit risk is the risk that in the event of a bank failure, the Drainage District's deposits may not be returned to it. The Drainage District's deposit policy for custodial credit risk requires that all uninsured deposits must be secured with acceptable collateral as defined in LRS 38:1221 valued at market. As of December 31, 2012, the Drainage District had demand deposits (collected bank balances) totaling \$294,302. Of these bank deposit balances, \$294,302 were exposed to custodial credit risk as follows: uninsured and collateral held by pledging bank's agent not in the Drainage District's name \$294,302.

Even though pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, *Deposits and Investment Risk Disclosures*, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Drainage District that the fiscal agent has failed to pay deposited funds upon demand.

The Drainage District also maintains a money market fund account with an investment brokerage firm. The balances are insured by the Securities Investor Protection Corporation up to \$250,000. At December 31, 2012, the uninsured balance of money market fund accounts was \$61,008

4. DUE FROM OTHER GOVERNMENTAL AGENCIES

Amounts due from other governmental agencies at December 31, 2012 consisted of amounts due from the State of Louisiana for state revenue sharing in the amount of \$2,595 and due from the Jefferson Davis Parish Sheriff for ad valorem taxes in the amount of \$126,808.

5. COMPENSATION PAID TO BOARD MEMBERS

For the year ended December 31, 2012, the following individuals served on the Board of Commissioners and received compensation as follows

J R. Langley, President	\$ 1,200
Gareth Hill, Vice President	1,100
Carrol Stroud	500
Allen Hebert	1,000
Joseph Ezell	1,200
Total	<u>\$ 5,000</u>

6. RISK MANAGEMENT

The Drainage District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, injuries to employees; and natural disasters. The Drainage District has elected to continue coverage through the Jefferson Davis Parish Police Jury's commercial insurance policy. The Jefferson Davis Parish Police Jury is insured up to policy limits for each of the above risks. There were no significant changes in the coverages, retentions, or limits during the year ended December 31, 2012. There were no settled claims exceeding the commercial coverages in any previous three fiscal years.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
Jefferson Davis Parish, Louisiana

Notes to the Financial Statements
As of and for the Year ended December 31, 2012

7. LITIGATION AND CLAIMS

Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. No claim expenditures or liabilities are reported in the accompanying financial statements. The Drainage District is not presently involved in any litigation as defendant.

8. DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through September 30, 2013, which is the date the financial statements were available to be issued.

9. NEW REPORTING STANDARD

During the fiscal year ended December 31, 2012, the Drainage District adopted GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

In April 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012*. Statement No. 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflow of resources to ensure consistency in financial reporting. Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions of GASB Nos. 65 and 66 must be implemented by the Drainage District for the year ending December 31, 2013. The effect of implementation on the Drainage District's financial statements has not yet been determined.

Required Supplemental Information

**CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
JEFFERSON DAVIS PARISH POLICE JURY
JENNINGS, LOUISIANA**

SCHEDULE 1

**GENERAL FUND
BUDGET COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2012**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>BUDGET</u>		
REVENUES				
Ad valorem taxes	\$ 121,700	\$ 121,700	\$ 229,106	\$ 107,406
State revenue Sharing	3,700	3,700	1,297	(2,403)
Interest collected on prior year taxes	-	-	3,122	3,122
Investment earnings	200	200	138	(62)
Total revenues	<u>\$ 125,600</u>	<u>\$ 125,600</u>	<u>\$ 233,663</u>	<u>\$ 108,063</u>
EXPENDITURES				
Current				
Public works-drainage	\$ 143,226	\$ 143,226	\$ 76,031	\$ 67,195
Total expenditures	<u>\$ 143,226</u>	<u>\$ 143,226</u>	<u>\$ 76,031</u>	<u>\$ 67,195</u>
Net change in fund balance	<u>\$ (17,626)</u>	<u>\$ (17,626)</u>	<u>\$ 157,632</u>	<u>\$ 175,258</u>
Fund balance, beginning	<u>570,888</u>	<u>570,888</u>	<u>570,888</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 553,262</u></u>	<u><u>\$ 553,262</u></u>	<u><u>\$ 728,520</u></u>	<u><u>\$ 175,258</u></u>

See independent accountants' review report.

CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO 1

Notes to Budgetary Comparison Schedules
For the Year Ended December 31, 2012

Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Drainage District. Legally, the Drainage District must adopt a balanced budget, that is total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Commission to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

Other Reports

**CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
JEFFERSON DAVIS PARISH POLICE JURY
JENNINGS, LOUISIANA**

**Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2012**

<u>Ref No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
<u>Compliance</u>				
2012-1	The 2012 budget was not adopted until May 2012, after the start of the fiscal year	The district's administrative officer and governing authority will familiarize themselves with the provisions of Louisiana R.S. 39:1306 to ensure compliance with Local Government Budget Act for future fiscal years.	J.R. Langley	Immediately
2012-2	Notices of each meeting and the accompanying agenda were not posted as required by LA R.S. 42:19	The District's administrative officer and governing authority will familiarize themselves with the provisions of LA R.S. 42:19 to ensure that notices of each meeting and the accompanying agenda are posted at least 24 hours before each meeting to comply with the open meetings law	J.R. Langley	Immediately
2012-3	Louisiana Revised Statute 24:513 requires all review engagements be completed and transmitted to the Louisiana Legislative Auditor within six months of the close of the entity's year. Accordingly, this review report was due to be filed no later than June 30, 2013. Because of the receipt of unexpected revenues, management was not aware that a review engagement of the financial statements was required. The District did not become aware of this requirement until June 15, 2013 which did not allow ample time for the contracted CPA to complete the engagement by the due date. Therefore, the report was not filed until September 30, 2013.	The Drainage District will review the requirements of R.S. 24:513 and ensure that it complies with its requirements	J.R. Langley	Immediately

**CONSOLIDATED GRAVITY DRAINAGE DISTRICT NO. 1
JEFFERSON DAVIS PARISH POLICE JURY
JENNINGS, LOUISIANA**

**Management's Summary Schedule of Prior Findings
For the Year Ended December 31, 2012**

Ref. No.	Description of Finding	Corrective Action Taken (Yes, No, Partially)
2011-1	Louisiana R.S. 39:1311 requires that budgets be amended when actual revenues are failing to meet budgeted revenues by 5% or more, and/or actual expenditures are exceeding budgeted expenditures by 5% or more. The chief executive or administrative officer is required to notify the governing authority in writing for 5% or more variances in the general fund and any special revenue fund with expenditures of \$500,000 or more. It was noted that the district's general fund revenue was less than 5% of the budgeted revenue and they failed to amend the budget as required. Also, the administrative officer failed to notify the governing authority in writing of this violation.	Yes

EDWARD L. KRIELOW

(A PROFESSIONAL ACCOUNTING CORPORATION)

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JENNINGS, LA 70546
(337) 824-5007

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Consolidated Gravity Drainage District No. 1
Jefferson Davis Parish, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Consolidated Gravity Drainage District No. 1 (Drainage District), and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Drainage District's compliance with certain laws and regulations during the year ended December 31, 2012, included in the accompanying *Louisiana Attestation Questionnaire*. Management of the Drainage District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with RS 38:2211-2296 (the public bid law) or RS 39:1551-39:1755 (the state procurement code), whichever is applicable

No expenditures were made during the year for materials and supplies exceeding \$30,000. Also there were no public works exceeding \$150,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information

3. Obtain from management a listing of all employees paid during the period under examination.

According to management there were no employees paid during the period under examination.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

Since there were no employees, this procedure is not applicable.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on May 16, 2012, which indicated that the budget had been adopted by the Drainage District. However, the budget was not adopted prior to the beginning of the fiscal year as required by RS 39:1306.

7. Compare the revenue and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenue and expenditures of the final budget to actual revenues and expenditures. Actual revenues and actual expenditures for the year did not fail to meet budgeted revenues or budgeted expenditures by 5% or more.

Accounting and Reporting

8. Randomly selected 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All six payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the proper authorities.

Meetings

9. Examine evident indicating that agendas for meeting recorded in the minute book were posted or advertised as required by RS 42:11 through 42:28 (the open meetings law).

Consolidated Gravity Drainage District No. 1 is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Management has asserted that such documents were not properly posted.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness

We inspected copies of all bank deposit slips for the period under review and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advance, or gifts.

Since the Drainage District does not have any employees, there were no payroll records that could be examined. We reviewed minutes for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

12. Review any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

See the summary schedule of current and prior year findings and management's corrective action plan for any comments or unresolved matters.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Drainage District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Edward L. Krielow

Certified Public Accountants

Jennings, Louisiana
September 30, 2013

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

Sept. 30, 2016 (Date Transmitted)

Edward L. Krielow (APAC)
510 N. Cutting
Jennings, LA 70546

(Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R S) 24 513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations)

Public Bid Law

It is true that we have complied with the public bid law, R S Title 38 2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office

Yes [☒] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R S 42 1101-1124

Yes [☒] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R S 42 1119

Yes [☒] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R S 39 1301-15), R S 39 33, or the budget requirements of R S 39.1331-1342, as applicable

Yes [☒] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R S 44 1, 44 7, 44 31, and 44 36

Yes [☒] No []

We have filed our annual financial statements in accordance with R S 24 514, and 33 463 where applicable

Yes [☒] No []

We have had our financial statements reviewed in accordance with R S 24 513

Yes [☒] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R S 42 11 through 42 28

Yes [☒] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements,

without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R S 39 1410 60-1410 65

Yes [☒] No []


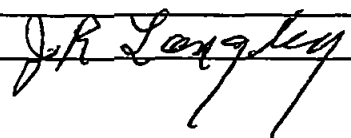
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R S 14 138, and AG opinion 79-729

Yes [☒] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations We have made available to you documentation relating to the foregoing laws and regulations

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report

	Secretary	6/19/13	Date
	Treasurer		Date
	President	6/19/13	Date